

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NEW YORK**

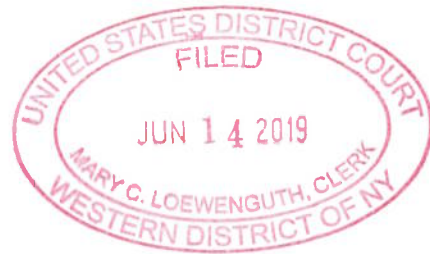
**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**ROBERT C. MORGAN, MORGAN  
MEZZANINE FUND MANAGER LLC, and  
MORGAN ACQUISITIONS LLC,**

**Defendants.**



**19 Civ. 661 (EAW)**

**PRELIMINARY INJUNCTION ON CONSENT**

**WHEREAS** the Securities and Exchange Commission (“Plaintiff”) filed this action on May 22, 2019, against defendants Robert C. Morgan (“Morgan”), Morgan Mezzanine Fund Manager LLC (the “Fund Manager”), and Morgan Acquisitions LLC (“Morgan Acquisitions”) (collectively, “Defendants”);

**WHEREAS**, also on May 22, 2019, Plaintiff filed a motion for entry of a temporary restraining order (the “TRO Motion”), preliminary injunction (the “PI Motion”), and other relief against Defendants (Dkt. 4);

**WHEREAS** Morgan filed an opposition to the TRO Motion on May 31, 2019 (Dkt. 16), and Plaintiff filed a reply brief in further support of both the TRO Motion and the PI Motion on June 3, 2019 (Dkt. 21);

**WHEREAS** the Court held a hearing on Plaintiff’s motion for a temporary restraining order on June 5, 2019, following which the Court granted in part and denied in part the TRO Motion (Dkt. 26);

**WHEREAS** the Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331, Sections 20(b) and 22(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §§ 77t(b) and 77v(a)], and Sections 21(d), 21(e), and 27(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §§ 78u(d), 78u(e), and 78aa(a)];

**WHEREAS** venue is proper in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)];

**WHEREAS** the Court has scheduled a hearing on the PI Motion for June 28, 2019; and

**WHEREAS** the parties have reached a settlement resolving the PI Motion; it is hereby

**ORDERED** that, pending final disposition of this action, Defendants are restrained from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5]; and it is further

**ORDERED** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order by personal service or otherwise: (a) Defendants’ officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a); and it is further

**ORDERED** that as discussed on the record on June 14, 2019, after receiving additional requested submissions from the parties, the Court intends to appoint a receiver (the “Receiver”) for the Notes Funds (specifically, Morgan 11% Notes Fund LLC, Morgan 11% Notes Fund QP LLC, Morgan Notes Fund II LLC, Morgan Notes Fund QP II LLC, Morgan Notes Fund III LLC, and Morgan Notes Fund QP III LLC), Morgan Acquisitions, and the Fund Manager (collectively,

the “Receivership Entities”), subject to all of the terms and conditions to be set forth in an Order Appointing Receiver that will be entered; and it is further

**ORDERED** that that no person or entity, including any creditor or claimant against the Receivership Entities, or any person acting on behalf of such creditor or claimant, shall take any action to interfere with the taking control, possession, or management of the assets of the Receivership Entities, including, but not limited to, the filing of any lawsuits, liens or encumbrances, or bankruptcy cases to impact the assets of the Receivership Entities; provided, however, that nothing in this paragraph shall be interpreted to prevent arms-length sales of assets that are owned by Affiliate Borrowers (as that term is defined in the Complaint), to bona fide purchasers; and it is further

**ORDERED** that, within thirty (30) days of the entry of the Order Appointing Receiver, or later, upon application by the Receiver seeking additional time from the Court for good cause, the Receiver shall file with the Court and serve upon the parties a written accounting of the assets of the Receivership Entities, including the use of the Notes Funds’ assets and Morgan Acquisitions’ assets, as well as the disposition of any assets of any of the Affiliate Borrowers listed on Exhibit A attached hereto for the direct or indirect benefit of Morgan from October 1, 2013, to the present; and it is further

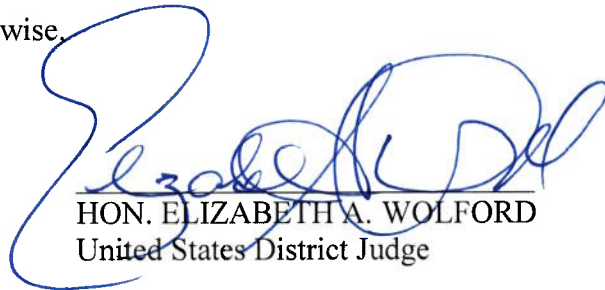
**ORDERED** that, pending a final disposition of this action, Defendants, any person or entity acting at their direction or on their behalf, and any other third party, be and hereby are enjoined and restrained from destroying, altering, or concealing any and all documents, books, and records that are in the possession, custody, or control of Defendants and each of their respective officers, agents, employees, servants, accountants, financial or brokerage institutions,

or attorneys-in-fact, subsidiaries, affiliates, predecessors, successors, and related entities, that refer, reflect, or relate to the allegations in the Complaint; and it is further

**ORDERED** that the hearing on the PI Motion scheduled for June 28, 2019, is hereby adjourned; and it is further

**ORDERED** that this Order shall be, and is, binding upon Defendants, and each of their respective officers, agents, servants, employees, attorneys-in-fact, subsidiaries, affiliates, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile service, or otherwise.

**SO ORDERED.**



HON. ELIZABETH A. WOLFORD  
United States District Judge

Dated: June 14, 2019  
Rochester, New York

**Exhibit A**

| <b>Property/Affiliate Borrower</b>      | <b>Notes Funds with Outstanding Portfolio Loans</b>   |
|---|---|
| 103 Court Street                        | Notes Fund I (QP Fund); Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions |
| 1275 Delaware Ave VES Partners LLC      | Notes Fund I (QP Fund); Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions |
| 2013 VC (Villa Capri)                   | Notes Fund II (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions  |
| 50 Front Street                         | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund)  |
| 65 Chestnut Street                      | Notes Fund II (AI Fund); Notes Fund II (QP Fund)  |
| Academy Place                           | Morgan Acquisitions   |
| Cedar Ridge                             | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions                         |
| Center City Ithaca                      | Notes Fund I (QP Fund); Notes Fund II (AI Fund); Notes Fund II (QP Fund)  |
| Covered Bridge                          | Morgan Acquisitions   |
| Eden Square ( Cranberry Vista)          | Notes Fund I (QP Fund); Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund)                      |
| Ellison Heights                         | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (QP Fund); Morgan Acquisitions   |
| Emerald Springs                         | Notes Fund I (QP Fund); Notes Fund III (AI Fund)  |
| Flats in Minn                           | Notes Fund I (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund)  |
| Foubu/Morgan Brownfield Tax Transaction | Notes Fund I (QP Fund)  |
| Frontenac                               | Morgan Acquisitions   |
| Gates Circle - Montante Project         | Notes Fund I (QP Fund); Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund)                      |
| Glendale Heights - Stratford Trails     | Notes Fund II (AI Fund); Notes Fund II (QP Fund)  |
| Heritage Land                           | Notes Fund III (AI Fund); Notes Fund III (QP Fund)  |
| Highlands of Montour Run                | Notes Fund I (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions   |
| Hinsdale (Canal Crossing)               | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund)  |

| <b>Property/Affiliate Borrower</b>      | <b>Notes Funds with Outstanding Portfolio Loans</b>   |
|---|---|
| Hunters Chase                           | Notes Fund I (QP Fund); Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions |
| King Of Prussia                         | Notes Fund II (AI Fund); Notes Fund II (QP Fund)  |
| Lakeside Commons                        | Notes Fund II (AI Fund); Notes Fund II (QP Fund)  |
| Madison at Valley Manor (Copper Chase)  | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions                         |
| MC Webster Land LLC Winding Creek       | Morgan Acquisitions   |
| Meadowbrook                             | Morgan Acquisitions   |
| Mercer                                  | Notes Fund I (QP Fund)  |
| Midtown Land                            | Notes Fund I (QP Fund)  |
| Minnetonka                              | Morgan Acquisitions   |
| Morgan Collins (Avon Phase II )         | Notes Fund III (QP Fund)  |
| Morgan Perry's Crossing                 | Notes Fund III (AI Fund); Notes Fund III (QP Fund)  |
| Overlook                                | Notes Fund II (AI Fund); Notes Fund II (QP Fund)  |
| Park Towers                             | Notes Fund I (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions   |
| Phase II of 2695 Apartments-Main Factor | Notes Fund I (QP Fund); Notes Fund II (AI Fund)   |
| Pinnacle North Phase II                 | Morgan Acquisitions   |
| Publisher Parkway                       | Morgan Acquisitions   |
| Publishers                              | Notes Fund III (QP Fund)  |
| Rockford Trust Building                 | Notes Fund I (QP Fund); Notes Fund II (AI Fund)   |
| Steeplechase                            | Notes Fund I (QP Fund); Notes Fund III (AI Fund)  |
| The Chemical Building                   | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (QP Fund); Morgan Acquisitions   |
| The Reserve at Southpointe II           | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund)  |
| Towers on the Hudson                    | Morgan Acquisitions   |
| Villager                                | Morgan Acquisitions   |
| Wedgewood                               | Morgan Acquisitions   |
| Wellington                              | Morgan Acquisitions   |
| Woodland Acres                          | Notes Fund II (AI Fund); Notes Fund II (QP Fund); Notes Fund III (AI Fund); Notes Fund III (QP Fund); Morgan Acquisitions                         |

Source: Grand Atlas Property Management, LLC, "Notes Fund Loan/Use Summary," April 6, 2019 (GA\_00009875).